

103 KAR 31:090. Tax-paid purchases resold.

RELATES TO: KRS 139.010, 139.200, 139.290, 139.310

STATUTORY AUTHORITY: KRS 131.130

NECESSITY, FUNCTION, AND CONFORMITY: KRS 131.130(1) authorizes the Department of Revenue to promulgate administrative regulations for the administration and enforcement of Kentucky tax laws. This administrative regulation interprets the sales and use tax law as it applies to tax-paid purchases resold.

Section 1. Definition. "Tax-paid purchases resold" means a sales and use tax deduction taken by a retailer on the sales tax return in the amount of the purchase price of property where the retailer:

- (1) Sells the property before making any use thereof, other than retention, demonstration, or display while holding it for sale in the regular course of business;
- (2) Reports the sale and remits applicable sales and use tax on the sales price of the property; and
- (3) Has previously paid the Kentucky sales or use tax on the purchase price of the property.

Section 2. The tax-paid purchases resold deduction described in Section 1 of this administrative regulation may be used in any of the following circumstances:

- (1) The retailer, when making the purchase, intends to use the property rather than resell it but later resells it before making any use thereof;
- (2) The particular property is not of a kind ordinarily sold or stocked by the retailer and not customarily covered by resale certificates given to their vendors;
- (3) The particular property is generally for the use of the retailer, but a small portion is incidentally resold; or
- (4) Through error, sales or use tax is paid by the retailer with respect to the purchase price of property purchased for resale in the regular course of business. (SU-61; 1 Ky.R. 233; eff. 1-8-1975; TAm eff. 6-9-2009; TAm eff. 6-22-2016; Crt eff. 1-28-2020; 46 Ky.R. 1598; eff. 5-5-2020.)